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SECSTATE FOR EB/ESP
DEPT OF HOMELAND SECURITY FOR ICE/STRATEGIC
NSC FOR PROSTRAT
CIA FOR WINPAC

E.O. 12958: DECL: 09/10/2017
TAGS: [BEXP](#) [CH](#) [ETRD](#) [ETTC](#) [PREL](#)
SUBJECT: POST SHIPMENT VERIFICATION: D365577 JIUJIANG
PRECISION MEASUREMENT TECHNOLOGY RESEARCH INSTITUTE

REF: A) USDOC 9554 (10/31/07)

BEIJING 00000375 001.2 OF 003

Classified By: Jeannette L. Chu, Export Control Officer
for reasons 1.4 b/h

¶1. (U) Unauthorized disclosure of the information below is prohibited by Section 12(c) of the Export Administration Act.

¶2. (U) REFTEL requested a Post-Shipment Verification (PSV) end-use check to be conducted at JIUJIANG PRECISION MEASUREMENT TECHNOLOGY RESEARCH INSTITUTE ("JJ PRECISION MEASUREMENT") to determine that this entity is in possession of a Model 1440 Precision Index Table described in the export license application as a serrated tooth circle divider using two face gears of identical shape and pitch. This commodity is classified as ECCN 2B006, valued at \$75,700 and controlled for national security and nuclear non-proliferation reasons. MOORE TOOL COMPANY, 800 Union Avenue, Bridgeport, Connecticut 06607 submitted the export license application. The foreign purchaser was JIUJIANG RENHE TRADING CO. LTD., 19 Qing Nian Road, Building B, Gate 2, Room 102, Jiujiang City, JiangXi Province, China. Para. 13 of REFTEL notes that the importer listed on the MOFCOM End-User/End-Use Statement is DATANG YONGSHENG TECHNOLOGY CO. INC., 40 Xueyuan Road, Haidian District, Beijing, China.

¶3. (U) Post received REFTEL on November 1, 2007 and on November 5, 2007, ECO requested that the Department of Mechanic, Electronic and High Technology Industries of the Ministry of Commerce (MOFCOM) arrange a PSV at JIUJIANG PRECISION MEASUREMENT TECHNOLOGY RESEARCH INSTITUTE in accordance with the Exchange of Letters on End-Use Visit Understanding (EUVU). On January 23, 2008 MOFCOM scheduled this PSV for January 25, ¶2008.

¶4. (U) On January 25, 2008, ECO, accompanied by MOFCOM official ZHOU Quan and CHEN Zhimin from the JiangXi Provincial

Department of Foreign Trade and Economic Cooperation, conducted a site visit at JIUJIANG PRECISION MEASUREMENT TECHNOLOGY RESEARCH INSTITUTE ("JJ PRECISION MEASUREMENT" or "INSTITUTE"), 83 Jiu Rui Road, Jiujiang City, JiangXi Province, China and met with LI Xing, Deputy Director and Research Fellow, and other Institute employees.

¶15. (U) Mr. LI stated that in 1999 JJ PRECISION MEASUREMENT developed a calibration device for measuring and maintaining optical theodolites used in land surveying and topological research. This device simplifies the calibration process. According to Mr. LI, JJ PRECISION MEASUREMENT does not/NOT manufacture optical theodolites. JJ PRECISION MEASUREMENT uses the MOORE TECHNOLOGY COMPANY Model 1440 Precision Index Table to verify the accuracy of their own calibration device. Mr. LI clarified that JJ PRECISION MEASUREMENT does not use this Precision Index Table to directly calibrate optical theodolites. Mr. LI stated that JJ PRECISION MEASUREMENT manufactures approximately 20 optical theodolite calibration instruments a year and sells these to provincial metrology institutes.

¶16. (SBU) In response to specific questioning by ECO, Mr. LI advised that JJ PRECISION MEASUREMENT has also developed an autocollimator and other precision metrology devices. Mr. LI stated that JJ PRECISION MEASUREMENT sells approximately 200 to 300 metrology devices a year, mostly to provincial metrology institutes. JJ PRECISION MEASUREMENT also makes a balancing instrument that tests the balance of rods and crankshafts, which is sold to automobile factories and manufacturers of drill bits. Mr. LI revealed that JJ PRECISION MEASUREMENT also develops individual projects on demand. He described another product as very small sticks used for fine survey measurements of angles. (COMMENT: See company website at www.jjjmcs.com for product pictures and descriptions.)

BEIJING 00000375 002.2 OF 003

¶17. (SBU) In response to specific questioning by ECO, Mr. LI stated that JJ PRECISION MEASUREMENT was established in 1963 and relocated to its current location in 1997. JJ PRECISION MEASUREMENT has 450 employees and consists of one office building and two factory buildings on the same site. Mr. LI stated that JJ PRECISION MEASUREMENT is subordinate to the CHINA STATE SHIPBUILDING COMPANY ("CSS") but did not/NOT disclose that JJ PRECISION MEASUREMENT is also known as the No. 6354 RESEARCH INSTITUTE (see CSS website www.shipbuilding.com.cn/en/en company accessed on 28 January 2008). Mr. LI advised that JJ PRECISION MEASUREMENT has a spin-off enterprise named JIN DA JIAN CHE JI SU YOU XIAN GONG SI a/k/a JIU JIANG JING DA MEASUREMENT TECHNOLOGY COMPANY, which he described as a private shareholding company established in May 2007 (see company website at www.jdjg.com). This company engages in essentially the same activities as its parent company, JJPRECISION MEASUREMENT. In response to specific questioning from ECO, Mr. LI stated that JJ PRECISION MEASUREMENT used to receive funding from the central government but is now completely self-funding.

¶18. (U) Mr. LI showed ECO with a copy of the U.S. export license conditions and affirmed his understanding of the prohibitions against transfer, resale, alteration or modification of the precision index table. ECO notes, however, that these export license conditions appear to have been faxed to JJ PRECISION MEASUREMENT on January 22, 2008.

¶19. (SBU) ECO observed the MOORE TOOL COMPANY Model 1440 Precision Index Table in a room on the fQ floor of the JJ PRECISION MEASUREMENT office building. The room was marked "Angle Measurement Laboratory". One person in a lab coat was in this room, which contained a single metrology device that appeared to be a precision index table with an optical scope labeled "Hilger and Watts", which was connected to a meter. JJ PRECISION MEASUREMENT officials removed a case

from a cupboard on the wall and showed ECO the MOORE TOOL COMPANY precision index table in this case. ECO observed serial number 8-1440-299 etched onto the side of this device. Mr. LI and other JJ PRECISION MEASUREMENT officials stated that this precision index table is placed beneath their own in order to verify the calibration of their device, which is then used to calibrate the optical theodolite calibrator described in para. 5 above. ECO observed signs on the wall marked, "U = 0.5 degrees", "K = 1.98" and "P = 95%". Mr. LI described these were instructions for the use of this device. In response to direct questioning by ECO, Mr. LI stated that JJ PRECISION MEASUREMENT only uses the precision index table a few times every year. Fewer than five employees have access to this instrument.

110. (S) ADDITIONAL INFORMATION: Research by ECO disclosed that the JIUJIANG PRECISION MEASUREMENT TECHNOLOGY RESEARCH INSTITUTE is also known as the No. 6354 Research Institute of the China State Shipbuilding Corporation (CSSC). The CSSC website, www.shipbuilding.com.cn/en/en company, states that this facility was originally located in Shanghai and "moved to the foot of scenic Lushan Mountain for combat readiness". The website further discloses that this institute was previously known as the No. 63 Research Institute before being renamed the No. 6354 Research Institute in 1980. ECO notes that a No. 63 Research Institute is under the command of the People's Liberation Army (PLA) General Staff in Nanjing. The CSSC website describes the work of the JIUJIANG PRECISION MEASURING TECHNOLOGY RESEARCH INSTITUTE as "design and manufacture of inertial guidance testing equipment, dynamic balance machine, vibration and balance test machine, precision components, precision test equipment, and environmental products and states that the products developed by this institute have been "widely applied to the national defense industries of navigation, aviation and space." Additionally, the No. 6354 Research Institute appears on the exhibitors list for the China International Defence Electronics Exhibition (CIDEX) trade show,

BEIJING 00000375 003.2 OF 003

which will be held April 1-4, 2008, in Beijing. The 6354 Research Institute previously participated in CIDEX in 2004.

The company website for JIUJIANG PRECISION MEASURING TECHNOLOGY RESEARCH INSTITUTE, www.jjjmcs.com/qyjj-e.php, does not state a direct link to the No. 6354 Research Institute, however, it claims to have also been named as the "No. 3303 Calibration Laboratory of National Defense Regional Metrology Station". This website also describes the work of this organisation as developing and manufacturing inertial guidance testing equipment, vibration and dynamic balancing equipment, precision components and metrology instruments, and environmental engineering products.

Additional open-source research by ECO revealed that the No. 6354 Research Institute has published findings of research projects in the areas of "Evaluation of uncertainty of angle measurement of vertical scales of theodolite by multi-tooth dividing table", machine vision technology for autocollimation and measurement based upon interpolative evaluation algorithms, and the development of a "high accuracy two-axis autocollimator." ECO notes that while theodolites and autocollimators do have civilian uses for conducting land surveys, these instruments also have a wide range of potential military applications including laser positioning, measurement and guidance, the development of anti-satellite capability (ASAT), and the development of tracking systems utilizing laser, radar and optoelectronic measurement systems. ECO does not find Mr. LI's claims of annual sales of an optical theodolite calibration device or other products to be credible given the fairly esoteric nature of precision metrology devices. ECO further notes the inherent vulnerabilities in Mr. LI's statement that the JIUJIANG PRECISION MEASUREMENT TECHNOLOGY RESEARCH INSTITUTE researches, develops and produces custom precision metrology instruments on request. Mr. LI did not provide any information regarding previous, current or future customers for custom-designed precision metrology instrument.

Lastly, ECO observed that during this PSV end-use visit, an unidentified individual who claimed to represent the Jiujiang City Foreign Trade Bureau (but who would not exchange business cards), made extensive and unwarranted efforts to view ECO's notes throughout the site visit. This individual also exhibited an uncharacteristic knowledge and understanding of precision metrology devices.

¶11. (S) RECOMMENDATION: UNFAVOURABLE. ECO found Mr. LI to be forthcoming and cooperative throughout the site visit. However, ECO stresses that she did not observe the commodity in use nor was she able to tour any of the manufacturing areas, which would have been useful in understanding the application of this item. ECO notes the clear nexus between the stated end-user, JIUJIANG PRECISION MEASUREMENT TECHNOLOGY RESEARCH INSTITUTE, and the CSS No. 6354 Research Institute and calls attention to other indicia of high risk of diversion to military programs including the development and maintenance of weapons systems and space applications.

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